#### STATE OF ILLINOIS

### **ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission	)	
On it Own Motion	)	
	)	
vs.	)	Docket No. 03-0700
	)	
Interstate Power and Light Company	)	
Respondent	)	

#### **NOTICE OF FILING**

Please take notice that on April 1, 2004, I caused to be filed via e-Docket with the Illinois Commerce Commission, Interstate Power and Light Company's Direct Testimony of Michael Bremel with related exhibits.

Kari E. Nelson

Regulatory Planning Associate Alliant Energy Corporate Services 4902 North Biltmore Lane Madison, Wisconsin 53718 (608)458-3974

### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of the foregoing Notice of Filing, together with the document referred to therein, were served upon the parties on the attached service list, by first-class mail, proper postage prepaid from Madison, Wisconsin, on the 1st day of April, 2004.

ari E. Nelson

Direct Testimony and Exhibits

of

Michael Bremel

**Interstate Power and Light Company** 

Docket No. 03-0700

- 1 Q. Please state your name and business address.
- 2 A. My name is Michael Bremel and my business address is 4902 North Biltmore Lane,
- 3 Madison, Wisconsin 53718-2148.
- 4 Q. By whom are you employed?
- 5 A. I am employed by Alliant Energy Corporate Services, Inc. as a Regulatory Pricing
- 6 Analyst.
- 7 Q. How long have you been employed by Alliant Energy Corporate Services, Inc.?
- 8 A. I have been employed by Alliant Energy Corporate Services, Inc. since June 2003.
- 9 Q. Please describe Alliant Energy Corporate Services, Inc.
- 10 A. Alliant Energy Corporate Services, Inc. is a service company subsidiary of Alliant
- Energy Corporation ("Alliant Energy").
- 12 Q. On whose behalf are you testifying?
- 13 A. I am testifying on behalf of Interstate Power and Light Company ("IPL").
- 14 Q. Please describe Alliant Energy?
- A. Alliant Energy is a registered public utility holding company and is regulated by the
- Securities & Exchange Commission under the Public Utility Holding Company Act.
- Alliant Energy was formed on April 21, 1998 as a result of the merger between WPL
- Holdings, Inc., IES Industries Inc. and Interstate Power Company. Alliant Energy has
- two direct public utility subsidiaries. They are Wisconsin Power and Light Company
- 20 ("WP&L"), and IPL. IPL is the result of a recent merger of Interstate Power Company
- 21 ("IPC") and IES Utilities ("IES"). In addition, WPL has a wholly-owned utility
- subsidiary, South Beloit Water, Gas and Electric Company ("SBWGE").

1	Q.	What are your duties as a Regulatory Pricing Analyst at Alliant Energy Corporate
2		Services, Inc.?
3	A.	My current responsibilities include filing monthly PGA and FAC filings, preparing
4		revenue forecasts, cost of service studies and rate designs for electric, gas and water rate
5		cases, and filing tariff changes in the states of Wisconsin and Illinois.
6	Q.	Please describe your educational background.
7	A.	I received a Bachelor of Science degree in Agricultural Economics & Business
8		Management from the University of Wisconsin-Madison.
9	Q.	Please describe your work experience prior to joining Alliant Energy Corporate
10		Services, Inc.?
11	A.	Before joining Alliant Energy Corporate Services, Inc. I was employed for four and half
12		years by UBS PaineWebber in Madison, Wisconsin as a Financial Advisor.
13	Q.	What is the purpose of your testimony in this proceeding?
14	A.	My testimony pertains to the reconciliation of gas cost and related revenue for 2003 for
15		the Northern Natural Gas Pipeline (NNG) supply area (Supply Area A) in IPL's Illinois
16		service area and the Natural Gas Pipeline Company of America (NGPL) supply area
17		(Supply Area B) in IPL's Illinois service area. These reconciliations have been completed
18		pursuant to the Illinois Commerce Commission's order of November 12, 2003 for Docket
19		03-0700 (PGA).

1	Q.	Please identify the exhibits that you are sponsoring in this proceeding.								
2	A.	I am sponsoring the	following Exhibits in this proceeding:							
3		Exhibit 1.1	Reconciliation of Gas Costs for Area A							
4		Exhibit 1.2	Reconciliation of Gas Costs for Area B							
5		Exhibit 1.3	External Audit Letter							
6	Q.	What information i	hat information is included in Exhibit 1.1 and 1.2?							
7	A.	Exhibit 1.1 and 1.2 a	Exhibit 1.1 and 1.2 are outlined as follows:							
8		Page 1	Reconciliation Schedule – Commodity Gas							
9		Page 2	Volumes and Commodity Gas Costs							
10		Page 3	Reconciliation Schedule – Non-Commodity Gas							
11		Page 4	Non-Commodity Gas Costs							
12		Page 5	Reconciliation Schedule – Transitional Surcharge							
13		Page 6	Transitional Surcharge Costs							
14		Page 7	Revenues							
15		Page 8	Pipeline Refunds or Surcharges, Other Adjustments & Interest							
16	Q.	Have the exhibits in	this proceeding been externally audited as required in the							
17		<b>November 12, 2003</b>	, Commission Order?							
18		Yes, the exhibits in t	his proceeding have been externally audited by the Company's							
19		external auditor, Del	oitte & Touche. The External Audit Opinion is included as Exhibit							
20		1.3.								

1 Q. Please describe the base rates applicable to IPL's gas operations in Illinois. 2 A. Two rates are available in each of IPL's Supply Areas. For Supply Area A, Rate 420 is a 3 general service rate and rate 440 is an interruptible service rate. For Supply Area B, Rate 4 600 is a general service rate and rate 620 is an interruptible service rate. Each tariffed 5 rate contains a provision which permits adjustment of the charges stated in the tariff for 6 changes in the cost of purchased gas as computed under Rider AB. 7 Q. How are adjustments under Rider AB computed? 8 IPL's Rider AB provides for calculation of adjustments in accordance with the A. 9 computational formula of the Illinois Commerce Commission's Uniform Purchased Gas 10 Adjustment Clause, General Order 212 (Codified as 83 Ill. Adm. Code 525). IPL first 11 applied PGA factors pursuant to Rider AB to usage on or after December 1, 1983. 12 Q. Have there been any changes to the Illinois Administrative Code 525 that has 13 changed IPL's monthly PGA filings? 14 A. Yes. In Docket No. 94-0403 (Purchased Gas Adjustment Rulemaking) the Illinois 15 Commerce Commission adopted a revised reporting format for monthly PGA filings. These revisions were effective January 1, 1996 and the reporting format was further 16 17 revised by a resolution of the Illinois Commerce Commission on July 17, 1996. IPL filed 18 revised Rider AB tariffs effective January 1, 1996, in order to comply with these revisions. These sheets were Second Revised Sheet Nos. 22 through 32. 19 20 IPL also changed the monthly PGA filings to three separate gas charges, the Commodity Gas Charge, Non-Commodity Gas Charge, and Transitional Surcharge. 21

### Q. How were gas costs derived for Supply Area A?

A. Pages 2, 4, and 6 of 8 of Exhibit 1.1 provide the derivation of gas costs applicable to retail sales in Supply Area A. Page 2 lists the allocated volumes and costs that are commodity related, for the Illinois NNG area. Page 4 lists the costs for the non-commodity charges and page 6 lists the transitional surcharge volumes and costs.

These three pages state the allocated gas cost amounts for the various gas services employed by IPL to provide service. These costs represent the amounts allocated to Illinois based on peak day and sales data information of IPL's Iowa and Illinois customers in the NNG area. Total costs are composed of pipeline purchase costs and storage withdrawal costs. Cost of Gas for Retail Sales is arrived at by deducting Cost of Company Use from Total Pipeline Costs. Cost of Company Use in Exhibit 1.1 page 2 is determined by applying the system average cost of gas to company use volumes.

#### Q. How were gas costs derived for Supply Area B?

A. Pages 2, 4, and 6 of 8 of Exhibit 1.2 provide the derivation of gas costs applicable to retail sales in Supply Area B. Page 2 lists the allocated volumes and costs that are commodity related, for the Illinois NGPL area. Page 4 lists the costs for the non-commodity charges and sheet 6 lists the transition surcharge volumes and costs.

These three pages state the allocated gas cost amounts for the various gas services employed by IPL to provide service. These costs represent the amounts allocated to Illinois based on peak day, and sales data information of IPL's Iowa and Illinois customers in the NGPL area. Total costs are composed of pipeline purchase costs and storage withdrawal costs. Cost of Gas for Retail Sales is arrived at by deducting Cost of

1		Company Use from Total Pipeline Costs. Cost of Company Use, in Exhibit 1.2 page 2, is
2		arrived at by applying the system average cost of gas to company use volumes.
3	Q.	How was revenue related to recovery of gas costs determined for Supply Area A and
4		Supply Area B?
5	A.	Page 7 of both Exhibit 1.1 and 1.2 shows the revenue that is applicable to recovery of gas
6		costs for the three types of gas charges in IPL's PGA filings. IPL's Computer Services
7		Department generates a monthly report that details the amount of revenue billed each
8		month through application of PGA factors. Adjustments were made to the booked
9		amount to arrive at PGA recovery amounts related to the 2003 gas costs.
10	Q.	Please describe the adjustments necessary to arrive at accrued revenue related to
11		recovery of gas costs.
12	A.	IPL's Computer Services Department generates a monthly report that states the number of
13		therms in a billing month which occurred after the first of the month. Revenue is
14		determined by applying the appropriate PGA factor to the appropriate billing units.
15		These revenue amounts are submitted in IPL's monthly PGA filings and page 7 of
16		Exhibit 1.1 and 1.2 is a summary of these amounts.
17	Q.	How are the monthly PGA over or under collected amounts accounted for by IPL?
18	A.	All gas revenues and costs are reconciled on a monthly basis as listed on Schedule II of
19		the monthly PGA filings. IPL flows these over or under amounts through the PGA in the
20		third month succeeding the reconciliation month. For example, the PGA filing effective
21		January 1, 2004, included the Schedule II reconciliation for the month of October 2003
22		costs and revenues. This over or under recovery net of the Factor A amount, is then
23		flowed through the January 2004 PGA month.

- 1 Q. Are refunds, surcharges, and other adjustments handled in a similar manner as
- 2 monthly over or under recoveries?
- 3 A. Any pipeline refunds, surcharges or other adjustments are included on Schedule II for the
- 4 type of gas charge that is appropriate (commodity, non-commodity or transition). These
- 5 amounts are handled in a similar manner as over or under recovered amounts.
- 6 Q. Does this conclude your testimony?
- 7 A. Yes, it does.

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA A COMMODITY GAS CHARGE (CGC) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.1 Page 1 of 8 Docket 03-0700 Michael Bremel

			<u>Reference</u>
1	Unamortized Balance as of 12/31/2002 per 2002 Reconciliation	93,840	Prior Year Exhibit A
			Page 1 of 8
2	Factor A Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	77,226	Prior Year Exhibit A
3	Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	29,839	Page 1 of 8
		_,,,,,,	
4	Factor O to be Collected/(Refunded) for 2002 Reconciliation Year	47,261	Per Order in Docket Nos.
5	Balance to be Collected/(Refunded) during 2003 from prior periods	248,167	(sum lines 1-4)
6	2003 Gas Costs	1,828,004	Exhibit A Page 2
7	2003 PGA Revenues	(1,916,465)	Exhibit A Page 7
8	Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's	(543)	Exhibit A Page 8
9	Other Adjustments Reported in 2003 Monthly PGA's	0	Exhibit A Page 8
10	Interest Calculated and Reported in 2003 Monthly PGA's	1,437	Exhibit A Page 8
11	2003 Under/(Over)-Recovery (sum of lines 6-10)	(87,568)	(sum lines 5-9)
12	Under / (Over) Recovery Balance at 12/31/03 (line 5 + line 11)	160,599	(line 4 + line 10)
13	Factor A Adjustments Amortized to Schedule I at 12/31/03	125,018	A)
14	Factor O Adjustments Amortized to Schedule I at 12/31/03	0	
15	Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03)	0	Sched. II Mar-04
16	Requested Factor O (line 12 - line 13 - line 14 - line 15)	35,582	(line 11- line 12- line 13)
	(A) JAN 2004 PGA Filing Factor A Amount	56,305	
	FEB 2004 PGA Filing Factor A Amount	31,770	
	MAR 2004 PGA Filing Factor A Amount	36,943	-
		125,018	

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA A COMMODITY GAS CHARGE (CGC)

Reconciliation 2003

Exhibit 1.1 Page 2 of 8 Docket 03-0700 Michael Bremel

Commodity Gas Cost	(CGC)					KCC	onemation 200	13						Michael Bremel
FILING MONTH PGA MONTH		Apr-03 Jan-03	May-03 Feb-03	Jun-03 Mar-03	Jul-03 Apr-03	Aug-03 May-03	Sep-03 Jun-03	Oct-03 Jul-03	Nov-03 Aug-03	Dec-03 Sep-03	Jan-04 Oct-03	Feb-04 Nov-03	Mar-04 Dec-03	TOTAL
1 Volumes - Therms														
2 Commodity		491,340	444,580	307,930	142,140	139,515	93,073	88,990	83,852	106,490	203,990	245,510	411,550	2,758,959
3 Storage Gas		156,680	106,860	60,680	78,490	0	0	0	0	0	0	28,400	102,690	533,800
4 Company Use		1,538	2,005	864	313	112	51	43	39	86	341	668	1,279	7,336
5 NGPL		0	0	0	0	0	0	0	0	0	0	0	0	0
6	_													
7 Total		649,558	553,445	369,474	220,943	139,626	93,124	89,033	83,890	106,576	204,331	274,578	515,519	3,300,095
9														
10 Costs - \$\$:														
11 NNG Purchased Gas		345,869	358,686	493,995	212,628	109,082	118,883	151,513	157,507	198,177	208,695	181,231	323,522	2,859,786.95
12 Off System Sales		(100,215)	(97,268)	(162,008)	(141,184)	(45,457)	(43,875)	(40,823)	(54,038)	(32,845)	(65,369)	(88,865)	(155,756)	(1,027,703.42)
13 NNG Storage		35,496	1,990	1,945	(21,621)	618	3,130	6,159	6,235	10,531	6,345	42,659	2,286	95,773.47
14 Withdrawals		51,335	35,011	19,882	25,719	0	0	0	0	0	0	14,219	51,792	197,957.82
15 Injections		0	0	0	0	0	(34,478)	(63,503)	(54,247)	(102,462)	(42,294)	3,744	0	(293,240.28)
16 Company Use		(803)	(1,216)	(913)	(157)	(61)	(29)	(31)	(31)	(68)	(199)	(379)	(685)	(4,570.98)
17	Total	331,681	297,203	352,902	75,384	64,182	43,632	53,314	55,427	73,333	107,177	152,609	221,159	1,828,003.56

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA A NON-COMMODITY GAS CHARGE (NCGC) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.1 Page 3 of 8 Docket 03-0700 Michael Bremel

			<u>Reference</u>
1	Unamortized Balance as of 12/31/2002 per 2002 Reconciliation	\$0	Prior Year Exhibit A
_		(0.40.0.41)	Page 3 of 8
2	Factor A Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	(\$140,061)	Prior Year Exhibit A
3	Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	\$0	Page 3 of 8
4	Factor O to be Collected/(Refunded) for 2002 Reconciliation Year	\$0	
5	Balance to be Collected/(Refunded) during 2003 from prior periods	(\$140,061)	(sum lines 1-4)
6	2003 Gas Costs	\$244,788	Exhibit A Page 4
7	2003 PGA Revenues	(\$166,670)	Exhibit A Page 7
8	Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
9	Other Adjustments Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
10	Interest Calculated and Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
11	2003 Under/(Over)-Recovery (sum of lines 6-10)	\$78,119	(sum lines 5-9)
12	Total Adjustment to Gas Costs (Factor A), which have been included	(\$61,942)	(line 4 + line 10)
13	Factor A Adjustments Amortized to Schedule I at 12/31/03	(\$60,169)	A)
14	Factor O Adjustments Amortized to Schedule I at 12/31/03	\$0	
15	Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03)	\$0	Sched. II Mar-04
16	Requested Factor O (line 12 - line 13 - line 14 - line 15)	(\$1,773)	(line 11- line 12- line 13)
	(A) JAN 2004 PGA Filing Factor A Amount	(\$64,339)	
	FEB 2004 PGA Filing Factor A Amount	(\$25,252)	
	MAR 2004 PGA Filing Factor A Amount	\$29,423	-
		(\$60,169)	

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA A NON-COMMODITY GAS CHARGE (NCGC)

Reconciliation 2003

Exhibit 1.1 Page 4 of 8 Docket 03-0700 Michael Bremel

Non-Commodity Cost (NCGC)								
FILING MONTH	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03
PGA MONTH	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03

PGA MONTH	Jan-03	Feb-03	Mar-03	Apr-03	Aug-03 May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Mar-04 Dec-03	Total
1 NNG Transportation 2 NNG 858 Charges 3	6,121.24 0.00	35,503.25 458.50	35,366.69 458.50	34,956.69 458.50	11,052.49 458.50	8,652.87 458.50	10,614.02 458.50	10,774.56 458.50	10,771.69 458.50	11,174.83 458.50	11,713.47 458.50	53,043.14 458.50	239,744.94 5,043.50
4 TOTAL	6,121.24	35,961.75	35,825.19	35,415.19	11,510.99	9,111.37	11,072.52	11,233.06	11,230.19	11,633.33	12,171.97	53,501.64	244,788.44

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA A TRANSITIONAL SURCHARGE (TS) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.1 Page 5 of 8 Docket 03-0700 Michael Bremel

			Reference
1	Unamortized Balance as of 12/31/2002 per 2002 Reconciliation	\$403	Prior Year Exhibit A
2	Factor A Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	\$0	Page 5 of 8 Prior Year Exhibit A
	·		Page 5 of 8
3	Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	\$0	
4	Factor O to be Collected/(Refunded) for 2002 Reconciliation Year	\$0	
5	Balance to be Collected/(Refunded) during 2003 from prior periods	\$403	(sum lines 1-4)
6	2003 Gas Costs	\$0	Exhibit A Page 6
7	2003 PGA Revenues	\$0	Exhibit A Page 7
8	Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
9	Other Adjustments Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
10	Interest Calculated and Reported in 2003 Monthly PGA's	\$6	Exhibit A Page 8
11	2003 Under/(Over)-Recovery (sum of lines 6-10)	\$6	(sum lines 5-9)
12	Total Adjustment to Gas Costs (Factor A), which have been included	\$409	(line 4 + line 10)
13	Factor A Adjustments Amortized to Schedule I at 12/31/03	\$0	_A)
14	Factor O Adjustments Amortized to Schedule I at 12/31/03	\$0	
15	Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03)	\$408	Sched. II Mar-04
16	Requested Factor O (line 12 - line 13 - line 14 - line 15)	\$0	(line 11- line 12- line 13)
	(A) JAN 2004 PGA Filing Factor A Amount	\$0	
	FEB 2004 PGA Filing Factor A Amount	\$0	
	MAR 2004 PGA Filing Factor A Amount	\$0	<u>-</u>
		\$0	

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA A TRANSITIONAL SURCHARGE (TS)

Reconciliation 2003

Exhibit 1.1 Page 6 of 8 Docket 03-0700 Michael Bremel

#### Transitional Surcharge (TS)

	FILING MONTH PGA MONTH	Apr-03 Jan-03	May-03 Feb-03	Jun-03 Mar-03	Jul-03 Apr-03	Aug-03 May-03	Sep-03 Jun-03	Oct-03 Jul-03	Nov-03 Aug-03	Dec-03 Sep-03	Jan-04 Oct-03	Feb-04 Nov-03	Mar-04 Dec-03	TOTAL
1 GSR Surcharge 2 GSR Rev. Auc. 3		0.00 0.00	\$0.00 \$0.00											
4 Total	_	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Exhibit 1.1 Page 7 of 8 Docket 03-0700 Michael Bremel

### INTERSTATE POWER AND LIGHT COMPANY ILLINOIS - SUPPLY AREA A PGA REVENUE YEAR ENDED 12/03

	(1) (2)		(3)	(4)	(5)	(6)	
	MONTH	THERM SALES	CGC REVENUE	NCGC REVENUE	TS REVENUE	TOTAL REVENUE (7)+(10)+(11)	
1	JANUARY	547,243	331,323	26,760	0	\$358,083	
2	FEBRUARY	252,622	125,884	14,147	0	\$140,031	
3	MARCH	663,556	416,976	41,273	0	\$458,250	
4	APRIL	227,205	145,115	9,088	0	\$154,204	
5	MAY	168,974	120,836	9,547	0	\$130,384	
6	JUNE	90,499	56,675	6,796	0	\$63,472	
7	JULY	67,087	43,256	2,670	0	\$45,926	
8	AUGUST	69,993	37,688	3,710	0	\$41,398	
9	<b>SEPTEMBER</b>	102,630	59,083	6,363	0	\$65,446	
10	OCTOBER	187,520	101,316	3,975	0	\$105,292	
11	<b>NOVEMBER</b>	331,446	204,324	13,788	0	\$218,113	
12	DECEMBER	489,730	273,987	28,551	0	\$302,538	
13 T	OTAL	3,198,505	1,916,465	166,670	0	\$2,083,135	

### INTERSTATE POWER AND LIGHT COMPANY ILLINOIS - SUPPLY AREA A PGA REVENUE YEAR ENDED 12/03

Exhibit 1.1 SHEET 8 OF 8 Docket 03-0700 Michael Bremel

(1) (2) (3) (4) (5)

	PIPELINE REF	UNDS OR SUI	RCHARGES	COM	PANY USE ADJU	STMENTS		INTEREST				
Reconciliation									<u>.</u>			
Month	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>			
January-2003							\$124.32	0	0.5			
February-2003							\$60.73	0	0.5			
March-2003							\$114.47	0	0.5			
April-2003							\$58.03	0	0.5			
May-2003	(\$543.24)						\$174.61	0	0.51			
June-2003							\$199.16	0	0.51			
July-2003							\$225.60	0	0.51			
August-2003							\$181.35	0	0.51			
September-2003							\$146.13	0	0.51			
October-2003							\$116.29	0	0.51			
November-2003							\$36.67	0	0.51			
December-2003							\$0.00	0	0.51			
TOTAL	(\$543.24)	\$0	\$0	\$0	\$0	\$0	\$1,437.36	\$0	\$6.08			

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA B COMMODITY GAS CHARGE (CGC) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.2 Page 1 of 8 Docket 03-0700 Michael Bremel

1 Unamortized Balance as of 12/31/2002 per 2002 Reconciliation	(99,402)	Reference Prior Year Exhibit A Page 1 of 8
2 Factor A Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	(175,401)	Prior Year Exhibit A Page 1 of 8
3 Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	14,201	Per Order in Docket Nos.
4 Factor O to be Collected/(Refunded) for 2002 Reconciliation Year	96,309	Per Order in Docket Nos.
5 Balance to be Collected/(Refunded) during 2003 from prior periods (	(164,293)	(sum lines 1-4)
6 2003 Gas Costs 1,	,655,327	Exhibit A Page 2
7 2003 PGA Revenues (1,	,811,484)	Exhibit A Page 7
8 Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's	0	Exhibit A Page 8
9 Other Adjustments Reported in 2003 Monthly PGA's	0	Exhibit A Page 8
10 Interest Calculated and Reported in 2003 Monthly PGA's	(4,448)	Exhibit A Page 8
11 2003 Under/(Over)-Recovery (sum of lines 6-10)	(160,605)	(sum lines 5-9)
12 Under / (Over) Recovery Balance at 12/31/03 (line 5 + line 11)	(324,898)	(line 4 + line 10)
13 Factor A Adjustments Amortized to Schedule I at 12/31/03	(336,376)	A)
14 Factor O Adjustments Amortized to Schedule I at 12/31/03	0	
15 Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03)	0	Sched. II Mar-04
16 Requested Factor O (line 11 - line 12 - line 13)	11,478	(line 11- line 12- line 13)
FEB 2004 PGA Filing Factor A Amount  MAR 2004 PGA Filing Factor A Amount  (1)	(101,858) (113,486) (121,031) (336,376)	_

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA B COMMODITY GAS CHARGE (CGC)

Reconciliation 2003

EXHIBIT 1.2 Page 2 of 8 Docket 03-0700 Michael Bremel

FILING MONTH PGA MONTH		Apr-03 Jan-03	May-03 Feb-03	Jun-03 Mar-03	Jul-03 Apr-03	Aug-03 May-03	Sep-03 Jun-03	Oct-03 Jul-03	Nov-03 Aug-03	Dec-03 Sep-03	Jan-04 Oct-03	Feb-04 Nov-03	Mar-04 Dec-03	TOTAL
1 Volumes - Therms:														
2 COMMODITY		289,110	190,000	365,000	184,445	71,655	82,521	43,490	3,660	51,270	354,700	307,670	426,730	2,370,251
3 DSS Withdrawals		271,990	265,220	47,830	10,780	750	0	0	0	0	0	116,210	203,370	916,150
4 Company Use		1,537.50	2,005.00	863.50	312.50	111.50	51.00	43.00	38.50	86.00	341.00	668	1,279	7,336
5 SALES TO AREA A														
6		562,638	457,225	413,694	195,537	72,517	82,572	43,533	3,699	51,356	355,041	424,548	631,379	3,293,737
7 Company Use														
8														
9 Costs \$:														
10 Purchased Gas		545,350	357,131	450,046	476,350	327,248	342,785	265,744	109,774	233,247	325,533	464,219	400,495	4,297,924
11 Off System Sales		(266,842)	(338,962)	(309,414)	(226,587)	(218,764)	(208,513)	(145,535)	(63,959)	(113,344)	(128,902)	(289,998)	(224,442)	(2,535,262)
12 Withdrawals		90,406	88,156	15,899	3,583	250	0	0	0	0	0	57,139	99,998	355,430
13 Injections		0	0	0	0	(64,461)	(89,194)	(86,317)	(61,273)	(106,157)	(54,918)	3,561	0	(458,758)
14 Company Use		(1,077)	(576)	(378)	(445)	(102)	(42)	(56)	(77)	(61)	(158)	(409)	(625)	(4,007)
15														
16														
17	Total	367,838	105,749	156,152	252,901	44,171	45,036	33,837	-15,535	13,685	141,555	234,513	275,425	1,655,327

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA B NON-COMMODITY GAS CHARGE (NCGC) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.2 Page 3 of 8 Docket 03-0700 Michael Bremel

1 2	•	Reference Prior Year Exhibit A Page 3 of 8 Prior Year Exhibit A
3	Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec. \$12,828	Page 3 of 8
4	Factor O to be Collected/(Refunded) for 2002 Reconciliation Year \$218	
5	Balance to be Collected/(Refunded) during 2003 from prior periods \$48,427	(sum lines 1-4)
6	2003 Gas Costs \$290,437	Exhibit A Page 4
7	2003 PGA Revenues (\$282,762	Exhibit A Page 7
8	Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's \$0	Exhibit A Page 8
9	Other Adjustments Reported in 2003 Monthly PGA's \$0	Exhibit A Page 8
10	Interest Calculated and Reported in 2003 Monthly PGA's \$0	Exhibit A Page 8
11	2003 Under/(Over)-Recovery (sum of lines 6-10) \$7,675	(sum lines 5-9)
12	Total Adjustment to Gas Costs (Factor A), which have been included \$56,102	(line 4 + line 10)
13	Factor A Adjustments Amortized to Schedule I at 12/31/03 \$50,767	A)
14	Factor O Adjustments Amortized to Schedule I at 12/31/03 \$0	
15	Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03) \$0	Sched. II Mar-04
16	Requested Factor O (line 11 - line 12 - line 13) \$5,334	(line 11- line 12- line 13)
	(A) JAN 2004 PGA Filing Factor A Amount       \$39,884         FEB 2004 PGA Filing Factor A Amount       \$7,518         MAR 2004 PGA Filing Factor A Amount       \$3,365         \$50,767       \$50,767	<u> </u>

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA B NON-COMMODITY GAS CHARGE (NCGC)

Reconciliation 2003

EXHIBIT 1.2 Page 4 of 8 Docket 03-0700 Michael Bremel

#### Non-Commodity Gas Costs (NCGC)

FILING MONTH PGA MONTH	Apr-03 Jan-03	May-03 Feb-03	Jun-03 Mar-03	Jul-03 Apr-03	Aug-03 May-03	Sep-03 Jun-03	Oct-03 Jul-03	Nov-03 Aug-03	Dec-03 Sep-03	Jan-04 Oct-03	Feb-04 Nov-03	Mar-04 Dec-03	TOTAL
Costs \$:	-												
1 NGP Transportation	24,293.95	12,261.73	12,126.19	12,859.82	10,043.18	11,184.57	11,152.40	11,007.80	10,943.78	11,148.09	13,020.57	20,090.65	160,132.73
2 DSS Storage	0.00	12,202.81	12,198.75	12,073.25	11,727.16	11,725.70	11,725.43	11,725.00	11,725.00	11,725.13	11,725.70	11,794.60	130,348.53
3 NGP 858 Surcharge	(107.61)	31.47	31.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(44.67)
4													
5	24,186.34	24,496.01	24,356.41	24,933.07	21,770.34	22,910.27	22,877.83	22,732.80	22,668.78	22,873.22	24,746.27	31,885.25	290,436.59

# INTERSTATE POWER AND LIGHT COMPANY ILLINOIS SUPPLY AREA B TRANSITIONAL SURCHARGE (TS) RECONCILIATION FOR THE YEAR ENDED DECEMBER 2003

EXHIBIT 1.2 Page 5 of 8 Docket 03-0700 Michael Bremel

			<u>Reference</u>
1	Unamortized Balance as of 12/31/2002 per 2002 Reconciliation	(\$2,504)	Prior Year Exhibit A
2	Factor A Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	\$0	Page 5 of 8 Prior Year Exhibit A
-	Tuetot 117 Adjustinents 7 Miorialed to Boliculate 1 at 12/3 i/2002 per 2002 feet.	ΨΟ	Page 5 of 8
3	Factor O Adjustments Amortized to Schedule I at 12/31/2002 per 2002 Rec.	\$0	1 ugo 0 01 0
4	Factor O to be Collected/(Refunded) for 2002 Reconciliation Year	\$0	
5	Balance to be Collected/(Refunded) during 2003 from prior periods	(\$2,504)	(sum lines 1-4)
6	2003 Gas Costs	\$0	Exhibit A Page 6
7	2003 PGA Revenues	\$0	Exhibit A Page 7
8	Pipeline Refunds or Surcharges Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
9	Other Adjustments Reported in 2003 Monthly PGA's	\$0	Exhibit A Page 8
10	Interest Calculated and Reported in 2003 Monthly PGA's	(\$38)	Exhibit A Page 8
11	2003 Under/(Over)-Recovery (sum of lines 6-10)	(\$38)	(sum lines 5-9)
12	Total Adjustment to Gas Costs (Factor A), which have been included	(\$2,542)	(line 4 + line 10)
13	Factor A Adjustments Amortized to Schedule I at 12/31/03	\$0	<u>A</u> )
14	Factor O Adjustments Amortized to Schedule I at 12/31/03	\$0	
15	Unamortized balance at 12/31/03 (Per filing truing up actuals for 12/03)	(\$2,542)	Sched. II Mar-04
16	Requested Factor O (line 11 - line 12 - line 13)	\$0	(line 11- line 12- line 13)
	(A) JAN 2004 PGA Filing Factor A Amount	\$0	
	FEB 2004 PGA Filing Factor A Amount	\$0	
	MAR 2004 PGA Filing Factor A Amount	\$0	-
		\$0	

## INTERSTATE POWER AND LIGHT COMPANY - SUPPLY AREA B TRANSITION SURCHARGE (TS)

Reconciliation 2003

EXHIBIT 1.2 Page 6 of 8 Docket 03-0700 Michael Bremel

Transition Surcharge (	12)
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FILING MONTH PGA MONTH	Apr-03 Jan-03	May-03 Feb-03	Jun-03 Mar-03	Jul-03 Apr-03	Aug-03 May-03	Sep-03 Jun-03	Oct-03 Jul-03	Nov-03 Aug-03	Dec-03 Sep-03	Jan-04 Oct-03	Feb-04 Nov-03	Mar-04 Dec-03	TOTAL
1 Volumes - MMBTU: 2 GSR SURCHARGE 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
4 Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Exhibit 1.2 Page 7 of 8 Docket 03-0700 Michael Bremel

### INTERSTATE POWER AND LIGHT COMPANY ILLINOIS - SUPPLY AREA B PGA REVENUE YEAR ENDED 12/03

(1) (2) (3) (4) (5)

	MONTH	THERM SALES	CGC REVENUE	NCGC REVENUE	TS REVENUE	TOTAL REVENUE (7)+(10)+(11)
1	JANUARY	749,851	391,809	53,650	0	\$445,460
2	<b>FEBRUARY</b>	710,083	322,110	50,532	0	\$372,642
3	MARCH	478,758	218,990	35,240	0	\$254,230
4	APRIL	254,980	144,055	20,170	0	\$164,225
5	MAY	112,192	51,652	8,868	0	\$60,520
6	JUNE	88,612	37,361	7,147	0	\$44,508
7	JULY	36,386	16,013	3,226	0	\$19,240
8	AUGUST	45,376	18,286	3,220	0	\$21,505
9	<b>SEPTEMBER</b>	115,685	45,013	8,277	0	\$53,289
10	OCTOBER	305,823	124,776	21,202	0	\$145,977
11	NOVEMBER	454,548	228,622	24,993	0	\$253,615
12	DECEMBER	606,720	212,798	46,238	0	\$259,035
13 To	OTAL	3,959,014	1,811,484	282,762	0	\$2,094,246

### INTERSTATE POWER AND LIGHT COMPANY ILLINOIS - SUPPLY AREA B PGA REVENUE YEAR ENDED 12/03

Exhibit 1.2 SHEET 8 OF 8 Docket 03-0700 Michael Bremel

(1) (2) (3) (4) (5) (6)

	PIPELINE RE	FUNDS OR SU	RCHARGES	CC	OMPANY USE ADJU	JSTMENTS		INTEREST				
Reconciliation						_	_					
Month	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>	<u>CGC</u>	<u>NCGC</u>	<u>TS</u>			
January-2003							-52.22	0	-3.13			
February-2003							-325.08	0	-3.13			
March-2003							-487.31	0	-3.14			
April-2003							-668.15	0	-3.14			
May-2003							-656.78	0	-3.15			
June-2003							-1047.81	0	-3.15			
July-2003							-336.65	0	-3.16			
August-2003							-163.05	0	-3.16			
September-2003							-391.42	0	-3.17			
October-2003							-200.14	0	-3.17			
November-2003							-119.52	0	-3.17			
December-2003							0.00	0	-3.17			
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,448.13)	\$0	(\$37.84)			

#### INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Interstate Power and Light Company
Cedar Rapids, IA

We have audited the exhibits listed below filed by Interstate Power and Light Company (the "Company") with the Illinois Commerce Commission (the "Commission") pursuant to the annual reconciliation requirement of the Company's "Rider A-B – Gas Charge" covering the period from January 1, 2003 through December 31, 2003. These exhibits are the responsibility of the Company's management. Our responsibility is to express an opinion on these exhibits based on our audit.

#### Exhibit 1.1 Supply Area A:

Pages 1-2 Commodity Gas Charge Reconcilia	ation
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- Pages 3-4 Non-Commodity Gas Charge Reconciliation
- Pages 5-6 Transitional Surcharge Reconciliation
- Pages 7-8 PGA Revenue

#### Exhibit 1.2 Supply Area B:

- Pages 1-2 Commodity Gas Charge Reconciliation
- Pages 3-4 Non-Commodity Gas Charge Reconciliation
- Pages 5-6 Transitional Surcharge Reconciliation
- Pages 7-8 PGA Revenue

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the exhibits are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the exhibits. An audit also includes assessing the accounting principles used and significant estimates made by management, including compliance with the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts as prescribed by the Commission, as well as evaluating the overall presentation of the exhibits. We believe that our audit provides a reasonable basis for our opinion.

The accompanying exhibits were prepared for the purpose of complying with the rules of the Commission governing automatic adjustment of energy charges and are not intended to be a

presentation in conformity with accounting principles generally accepted in the United States of America nor a complete presentation of the Company's revenues and expenses.

In our opinion, the exhibits referred to above present fairly, in all material respects, the information shown therein for the stated period in accordance with Title 83 of the Illinois Administrative Code Part 525 "Purchased Gas Adjustment Clause" (as amended November 1, 1995).

This report is intended solely for the information and use of the Board of Directors and management of Interstate Power and Light Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

March 19, 2004

Deloitte & Souche LLP